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FM AMEMBASSY TIRANA
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UNCLAS TIRANA 000843

SENSITIVE
SIPDIS

DEPT FOR EUR/SCE

E.O. 12958: N/A

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SUBJECT: AN ELECTORAL BUDGET FOR 2009

SENSITIVE BUT UNCLASSIFIED - PLEASE TREAT ACCORDINGLY

¶1. (U) On November 24, Parliament in principle approved the 2009 budget by a vote of 77-45, with all 77 yea votes coming from the ruling party. After this initial approval, the budget must still be formally approved by Parliament, but this is expected to occur on November 26. At about 5 billion USD, this budget is the largest in Albania's history, and a 20 per cent increase over the 2008 budget.

¶2. (U) The budget did not impress the opposition. The opposition parties voted against it, calling it an "electoral budget" that takes no measures to address the global financial crisis. The opposition also claimed that it will hinder the activities of some GOA institutions, it does not provide enough for property compensation, and makes little headway in poverty reduction. On November 25, the opposition presented an alternative budget which it claims will address these needs; however, it was given short shrift by the ruling party.

¶3. (U) An "electoral budget" may be an appropriate name as the budget does contain plenty of capital projects such as road construction, which will enable the ruling party to have many ribbon cutting ceremonies in an election year. Pensions and salaries for government employees will also increase a similar amount as in previous years; however they will begin to see these increases earlier (in May) rather than the traditional date of July 1. (Comment: Presumably the date was changed so that voters will have the chance to reward the government for their pay raises during the June Parliamentary elections. End comment.)

¶4. (SBU) Comment: Many observers outside of the opposition have also labeled the 2009 budget an "electoral budget." The GOA seems to be trying to hold on to its grip in power by delivering, or appearing to deliver, assistance and development in a tense electoral year. However, while many details of the budget are still unfolding, it does seem clear that high investment in road construction is continuing while funding for health care and education remain secondary concerns. It is difficult to predict at this time how the budget will impact the 2009 elections, but putting more money in people's pockets one month before the election can't hurt too much.

WITHERS